

Can Automated Investing Help Lead to Better Outcomes?

Benefits Access: Get On It

Wespath launches new 'Social Values Choice' Suite of Funds

Principled Fund Management

January 2018

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Participants who try to “time” the market—making investment changes in reaction to market fluctuations—generally have lower returns. Using help—either in the form of a managed account or a financial planner—helps participants stay committed to a diversified, long-term investing plan, avoiding the tendency to react to short-term changes in performance.

Market Timing Hurts Results

A study by Aon Hewitt and Financial Engines¹ found that participants using “help” (e.g., a managed account option or financial planning services) outperformed those not using “help” by more than an average of three percentage points a year, net of fees. Other studies support these findings, such as the annual DALBAR Quantitative Analysis of Investor Behavior, which indicates the average investor only earns about half of what he or she would have earned by buying and holding an S&P index fund (4.67% vs. 8.19%). DALBAR attributes this underperformance to investor behavior.

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John has been saving for retirement since he began his first job working for the Church, 10 years ago. He chose to self-manage his retirement investments, because he reads the financial section of the newspaper, frequently watches various business cable channels and felt confident in his ability to accurately identify market trends and beat the returns of the managed account option (i.e., LifeStage Investment Management) offered by his plan.

However, John’s timing was slightly off. He sustained some losses when the market declined and missed part of the rally when it recovered. The impact on his retirement savings was significant—he could have earned thousands more for retirement had he put his money in a LifeStage Investment Management managed option or resisted the urge to change his investing strategy during the market downturn.

Don’t be John.



Can Automated Investing Help Lead to Better Outcomes? (continued)

The impact of help is significant. Three percentage points may not sound like much, but over a 30-year investing period, **it adds up to approximately \$300,000**, if you saved \$500 for retirement each month (\$704,275 vs. \$407,688 account value).²

Wespath offers two paths to investing help—at **no additional charge to you**.³

- **EY Financial Planning Services** helps “do-it-yourself” investors, who like to have some control over their investments, choose an appropriate investment mix that considers their goals and time horizons.
- **LifeStage Investment Management** helps “do-it-for-me” investors automate investing decisions based on personal information, such as risk tolerance, age and account balance.

Professional help can make a significant difference in your retirement readiness. Find out more about the help available to you through Wespath at wespath.org/retirement/services.

¹ Help in Defined Contribution Plans: 2006 through 2012

² Assumes 8% rate of return for market and 5% rate of return for individuals without help.

³ Costs for EY Financial Planning and LifeStage services are included in Wespath’s operating expenses that are paid for by the funds. EY Financial Planning Services are available to active participants and surviving spouses with account balances, and to retired and terminated participants with account balances of at least \$10,000.

Note: Historical returns are not indicative of future results. See *Investment Funds Description* for more information.

Benefits Access: Get On It

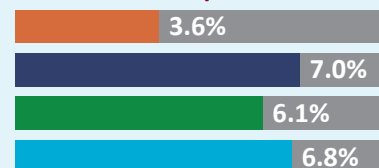
Not registered for Benefits Access? The site allows you to see your investment performance and activity, account balances, benefit projections, plan enrollment and more. Plus, you can bypass the phones and snail mail by completing or updating personal information, beneficiaries, bank details and applications for benefits online.

Go to benefitsaccess.org and select “New User Registration” to get started. What you learn on Benefits Access just might save your retirement.

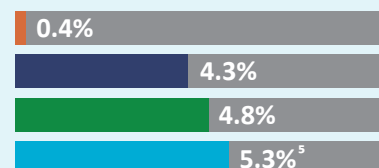


Individual Investors Significantly Underperform the Markets⁴

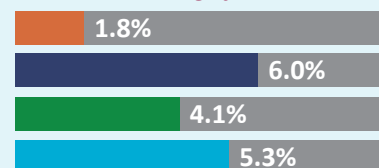
U.S. Equities



U.S. Bonds



Blend



■ Individuals
 ■ Benchmark
■ Mutual Funds
 ■ Wespath

⁴ Source: DALBAR, Lipper universes of mutual funds with strategies similar to the applicable Wespath funds. Benchmarks are S&P 500 Index for stocks, Bloomberg Barclays Aggregate Bond Index for bonds. Blend is 65% S&P 500/35% BB Agg; Wespath is its Multiple Asset Fund. All fund returns from 01/01/07 to 12/31/16 net of fees.

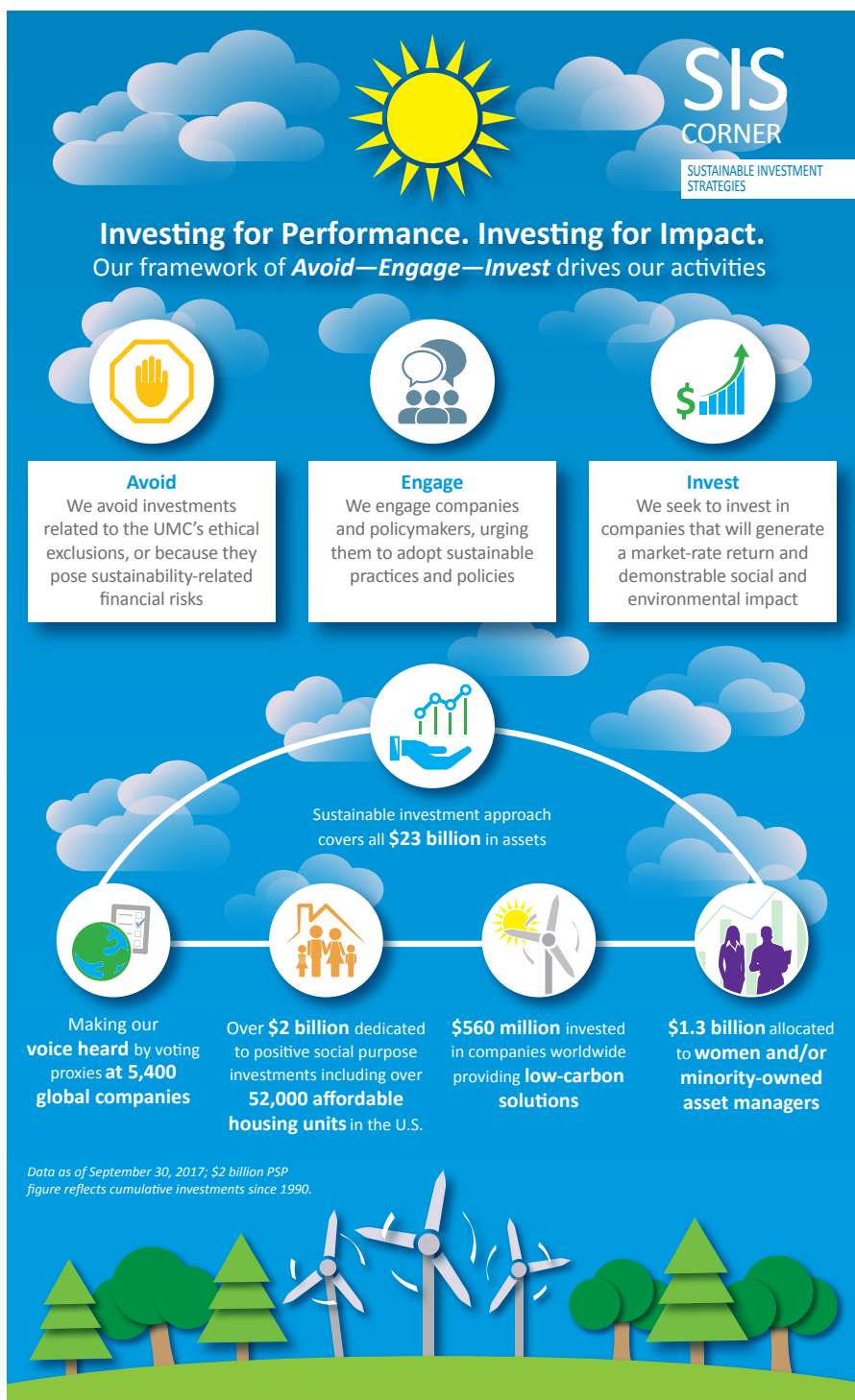
⁵ Wespath’s Fixed Income Fund typically invests approximately 20% in non-U.S. debt.

Wespath 
Investment Management

**Investment Solutions
for United Methodist
Organizations**

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Wespath launches new 'Social Values Choice' Suite of Funds

Wespath has launched its "Social Values Choice" suite of funds for participants who have a heightened focus on companies' environmental and social performance. The suite includes two fixed income funds, which are now available to participants, and an equity fund.

The funds include:

- Social Values Choice Bond Fund (SVCBF)
- Equity Social Values Plus Fund (ESVPF)
- U.S. Treasury Inflation Protection Fund (USTPF)

Combined, the three funds provide access to asset class diversification and inflation protection. The two new fixed income funds were introduced for participants December 16, 2017.

"A number of Wespath's participants have expressed an interest in investment options that adhere to heightened environmental and social investment criteria. While participants already had access to ESVPF, we felt that they would benefit from additional diversifying options," Dave Zellner, Wespath's Chief Investment Officer, said.

SVCBF, an actively-managed fixed income fund, and ESVPF, a passively-managed global equity fund, adhere to investment guidelines addressing concerns expressed in resolutions approved by a threshold number of United Methodist annual conferences dealing with:

- Companies that derive a significant amount of revenue from the production of fossil fuels; and
- Companies named in petitions related to peace in the Middle East.

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Retirement Contribution Limits Increased for 2018

- \$18,500 in combined before-tax and Roth contributions
- \$24,500 if you are age 50 or older by December 31, 2018
- Possibly an additional \$3,000 with 15+ years of service (call Wespath at **1-800-851-2201** for details)

Learn more at wespath.org/limits.

Wespath launches new ‘Social Values Choice’ Suite of Funds (continued)

USTPF seeks to complement the bond and equity funds by helping to mitigate the effects of rising inflation.

“We recognize that a number of our participants have a deep desire to align their investments with their personal beliefs,” said Wespath General Secretary, Barbara Boigegrain. “We have worked closely with key stakeholders to provide a prudent diversifying option for these investors.”

All three funds are available to participants who self-direct their investments in Wespath’s defined contribution plans, and for institutional investors associated with The United Methodist Church.

The funds are not available to participants who are enrolled in LifeStage Investment Management. They may not be appropriate for all participants. Consider contacting EY Financial Planning Services at **1-800-360-2539** to assess whether they fit your investing goals.*

Read more about SVCBF, USTPF and ESVPF at wespath.org/investments/funds.

* Costs for EY Financial Planning and LifeStage services are included in Wespath’s operating expenses that are paid for by the funds. EY Financial Planning Services are available to active participants and surviving spouses with account balances, and to retired and terminated participants with account balances of at least \$10,000.

Principled Fund Management



In each of the coming issues of *Hark*, we will highlight one of our investing beliefs that help define our investment philosophy and support the management of our investment funds. These beliefs are aligned with the *Social Principles* and driven by our mission to care for those who serve The United Methodist Church. Our first belief is clearly our most important one, and one that all Wespath employees are mindful of every day.

Investor Focus—Wespath’s investment decisions and activities must support the financial well-being of our participants and mission of our institutional investors. We safeguard the assets under our care to provide financial stability and security to our investors. We do so in a transparent manner.

To view the entire list, visit wespath.com/assets/1/7/5066.pdf.

Mark Your Calendars—Upcoming Events



Clergy Benefits Academy

February 19-21, 2018

Myrtle Beach, South Carolina

For clergy of all ages and stages of ministry—new ordinands, early-career clergy, mid-career clergy, ready-to-retire clergy, district superintendents, clergy in extension ministries—and spouses.

Register at wespath.org/events



Required Annual Disclosure to Church Plan Participants

Retirement plans administered by Wespath are church plans that are not subject to registration, regulation or reporting under:

- Employee Retirement Income Security Act of 1974 (ERISA)
- The Investment Company Act of 1940
- The Securities Exchange Act of 1934
- The Securities Act of 1933
- Title 15 of the United States Code
- State securities laws

Similarly, the administrator and the trustee of the plans and the entities maintaining any investment funds under the plans are not subject to the provisions of those acts or laws. Therefore, plan participants and beneficiaries will not be afforded the protection of those provisions.